WICA Licensing Regime

Overview

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Today’s presentation

The presentation will cover the following topics:

- A high level overview of WICA
- What type of projects are captured by WICA
- WICA’s licensing process
- Some observations regarding WICA
Overview of the WICCA

The Act establishes:

- a **licensing regime** for private sector entrants to ensure the continued protection of public health, consumers and the environment

- an **access regime** to ensure that certain monopoly infrastructure services are available to persons seeking access to them

- binding arbitration of **sewer mining** disputes, where service provider has lodged a notice with IPART indicating willingness to allow disputes to be referred for arbitration
Who requires a WICA license

- A **Network Operator’s Licence** is required if you are a private corporation that proposes to either **construct, operate and/or maintain** water industry infrastructure.

- A **Retail Supplier’s Licence** is required if you are a private corporation that proposes to supply water or provide sewerage services to others through water industry infrastructure.

- WICA also provides for a range of exemptions from licensing.
Who has applied for a licence?

- As at 1 February there were 14 licences issued to 8 corporations.

- The type of projects being licensed vary considerably in size, complexity and risk – they include:
  - Camelia recycled water project
  - Sydney Desalination Plant
  - Residential / commercial developments
  - Sewer mining projects in high rise buildings, golf courses
  - Industrial projects

- There are about 40 private projects that may required licensing in the next 12-24 months
Who should apply?

- The answer depends in part on what commercial arrangements have been entered into by the parties & who is best placed to take on licensing obligations.

- Key consideration is that an applicant must satisfy IPART/Minister that they have technical, financial and organisation capacity to be granted a licence.

- More than one organisation could be licensed.

- The ability for third parties providing services to the licensee to be named (authorised) within the licence.
Licensing Process

APPLICATION STAGE

PHASE 1: Applicant prepares application

PHASE 2: Applicant submits application

PHASE 3: IPART undertakes high-level assessment of application

PHASE 4: IPART undertakes consultation

PHASE 5: IPART undertakes detailed assessment of application

PHASE 6: IPART develops draft licences

PHASE 7: Minister makes decision on application

LICENCE ISSUED – LICENCE PLANS & AUDITING STAGE

PHASE 8: ALL licences – Licence Plans are independently audited

PHASE 9: NEW infrastructure only – Minister approves commencement of commercial operation

COMMERCIAL OPERATION – ONGOING COMPLIANCE STAGE
The Application Stage

- Licence applications can be made well before detailed design of the infrastructure is completed.
- We encourage you to meet with us to discuss your project prior to lodging an application.
- Once the application is submitted we enter into a public consultation phase.
- We undertake a detailed assessment to determine whether you have the technical, financial and organisational capacity to be granted a licence.
- After our assessment we make a recommendation to the Minister whether to grant a licence.
- Allow at least 6 months for a licence to be granted.
Licence application consultation process

- IPART invites submissions from Ministers:
  - Minister for Climate Change and the Environment
  - Minister for Water
  - Minister for Health
  - Minister for Planning

- IPART calls for public submissions
  - Posts a copy of the public version of your application on its website
  - Advertises in major newspapers and relevant local papers (minimum consultation period 28 days)

- Applicants will have an opportunity to respond to issues raised in submissions
Licence Plans and Audit Stage

- The granting of a WICA network operator’s licence does not entitle the licensee to commence commercial operation.

- Various licensing plans must be submitted and reviewed/audited prior to commercial operation
  - Water quality plan
  - Infrastructure operating plan
  - Sewerage management plan
  - Retail management plan

- New water infrastructure must be audited and the Minister approval given prior to commercial operation
Ongoing Compliance Stage

- Annual compliance and limited performance reporting to IPART
- Incident reporting to NSW Health and IPART
- Risk based compliance auditing
- A 5 year review of your licence
Audit Framework

- Audits form a fundamental component of the WICA licensing regime
- Audits are conducted to determine whether:
  - licence plans are adequate
  - new infrastructure can operate safely and according to licence plans, and
  - ongoing compliance
- To support this framework IPART has
  - developed Audit Guidelines
  - established Audit Panel
Lessons for proponents

- Allow sufficient time to prepare your application and to obtain a licence
- Be aware of the costs of applying for a licence
- Remember a licence is required to **construct** as well as operate and maintain
- The more information provided in your application the better
- Don’t underestimate the financial capacity test we conduct
- Allow sufficient time to prepare Licence Plans & be aware of the regulatory risks of commencing construction prior to plans being audited
Other observations

IPART considers:

- that WICA has been designed well to deal with large private schemes and projects deemed to be a high risk from a public health perspective

- WICA may not cater as well for small low risk projects where associated regulatory costs could be considered high by some proponents

- WICA currently lacks adequate Retailer of Last Resort provisions but more importantly lacks Operator of Last Resort provisions
Future legislative reviews

- Office of Water is about to release an Issues Paper on RoLR/ OoLR.
- In 2011 Office of Water also intends to conduct reviews on:
  - the regulation of recycled water
  - WICA (statutory 5 year review of legislation)
- Section 68 of the LGA to be changed to remove current duplication with WICA
Information regarding WICA

  - Fact sheets
  - Application forms and guides
  - Audit and Technical Services Panel
  - Compliance and Incident Reporting

- Contact IPART directly **before** making an application
  - Gary Drysdale Program Manager Compliance (9290 8477)
  - Narelle Berry Senior Technical Analyst (9113 7722)
  - Carly Price Senior Technical Analyst (9113 7732)